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EXECUTIVE COMMITTEE OF THE
HIGH COMMISSIONER'S PROGRAMME

Forty-ninth session

OVERVIEW OF UNHCR ACTIVITIES 1997 - 1999

ADDENDUM 4: UNHCR'S PROPOSED NEW BUDGET STRUCTURE

Report of the Advisory Committee on
Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the United Nations High Commissioner for Refugees, entitled "Consultations on UNHCR's Budget Structure" (EC/49/SC/CRP.5) containing the proposed prototype of UNHCR's Annual Programme Budget. The Committee also had before it a document entitled "Resourcing and Managing a Unified Budget" (SC/Budget/1) and a working paper entitled "The earmarking of contributions and its effect on UNHCR Operations".

2. The Advisory Committee recalls that the subject of UNHCR's budget structure had been examined in the Committee's report (A/AC.96/900/Add.3). The Advisory Committee had recommended that once the proposed changes had been approved by the Executive Committee, the High Commissioner should prepare a prototype and submit it to the ACABQ for review before the budget was formulated.

3. The Advisory Committee welcomes and commends the budget prototype and the efforts that have gone into its preparation. The Committee's comments in the paragraphs below are preliminary; the Committee intends to make further recommendations as necessary in the context of the budget proposals for 2000. In this connection, the Committee notes that the proposed budget format submitted in document E/49/SC/CRP.5 is a transitional one and that the tabular information included, comprises elements of both the old and new format. The Advisory Committee notes that the old format will be discontinued

progressively and that the new format, including tabular information which describes objectives, outputs and performance indicators, will be streamlined and improved in light of experience gained. Additionally, in the opinion of the Advisory Committee, the section on Follow-up Action should include a description of action taken in response to the previous observations and recommendations of the Advisory Committee.

4. The Advisory Committee recalls that in paragraph 40 of its report (A/AC.96/900/Add.3) the Committee had recommended that the Executive Committee keep the matter of tied funding under review and that the Executive Committee provide policy guidelines to assist the High Commissioner when accepting additional supplementary activities. On enquiry, the Advisory Committee was informed that this matter was under discussion by the Executive Committee and that the outcome would most likely be reflected in UNHCR's budget proposals for the year 2000.

5. In this connection, the Advisory Committee recalls that its views on earmarked contributions have been expressed several times in the context of the Committee's examination of UNHCR's annual budget proposals, most recently in its report A/AC.96/900/Add.3. The Advisory Committee requests that in the next budget submission, the High Commissioner quantify the volume of resources that are subject to separate reporting to donors as well as the costs entailed in providing such reporting.

6. The Advisory Committee welcomes the attention that has been paid to the question of prioritization of needs as outlined under General Observations in document EC/49/SC/CRP.5 and discussed in further detail in document SC/Budget/1. The Committee trusts that this issue will be further refined in due course in light of experience.

7. With regard to the draft provisions for an operational reserve as outlined in Annex 2 to document EC/49/SC/CRP.5, the Advisory Committee notes that currently UNHCR has three types of reserves; namely the Emergency Fund, the Voluntary Repatriation Fund and the Programme Reserve. In this connection, the Committee draws attention to its comments in paragraph 41 of its report A/AC.96/900/Add.3. The Advisory Committee notes from paragraph 6.5 of the draft provisions for an operational reserve (EC/49/SC/CRP.5, Annex 2) that two options for the operational reserve are proposed: that it be constituted at an amount equivalent to ten per cent of the approved Annual Programme Budget level for the preceding year or ten per cent of the proposed programmed activities under the Annual Programme. In addition, the Advisory Committee, in its report, had proposed a third option which would be ten per cent of the level of expenditure of the preceding year excluding expenditure under the United Nations Regular Budget. The Executive Committee will need to take a policy decision by choosing among the three alternatives. The High Commissioner should indicate the method of funding of the operational reserve in her budget proposals for 2000.